

Message Text

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ACTION AGRE-00

INFO OCT-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10 IO-13

ISO-00 FEA-01 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /138 W

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R 280652Z JUN 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 743

INFO AMEMBASSY OTTAWA

AMEMBASSY BUENOS AIRES

USMISSION GENEVA

AMEMBASSY BRUSSELS

AMEMBASSY NEW DELHI

AMEMBASSY CAIRO

AMEMBASSY TOKYO

AMEMBASSY BRASILIA

AMEMBASSY MOSCOW

AMEMBASSY LONDON

AMEMBASSY MANILA

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STATE PASS AGRICULTURE FOR ASSISTANT SECRETARY HATHAWAY AND
NOVOTNY

E.O. 11652: N/A

TAGS: EAGR AS

SUBJECT: AUSTRALIAN RESPONSE TO US STATEMENT AT WHEAT COUNCIL

REF: STATE 14434

1. THE FOLLOWING STATEMENT CONTAINS AUSTRALIA'S REACTION O
FORMAL STATEMENT BY US DELEGATE TO INTERNATIONAL WHEAT COUNCIL
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MEETING IN LONDON:

BEGIN TEXT:

2. AUSTRALIA WELCOMES THE STATEMENT BY THE UNITED STATES AND
SEES IT AS PROVIDING A BASIS FOR NEW PROGRESS IN DISCUSSIONS
LEADING TOWARD THE NEGOTIATION OF A NEW INTERNATIONAL WHEAT

AGREEMENT. WE ARE HOPEFUL THAT OTHER COUNTRIES WILL FIND THEMSELVES SUBSTANTIALLY IN AGREEMENT WITH THE MAJOR POINTS CONTAINED IN THE UNITED STATES' STATEMENT AND THAT THEY WILL THEMSELVES ADOPT POSITIVE CONSTRUCTIVE ATTITUDES IN ANY FUTURE DISCUSSIONS ARISING FROM IT.

3. WE ARE VERY CONSCIOUS OF THE FACT THAT WHEAT AGREEMENTS IN THE PAST HAVE ENCOUNTERED A VERY WIDE RANGE OF PROBLEMS, SO MUCH SO THAT IT HAS BEEN VERY DIFFICULT IN RECENT YEARS TO FIND A POSSIBLE BASIS FOR A NEW AGREEMENT. NEVERTHELESS, ALL COUNTRIES MUST LEARN FROM THE EXPERIENCE AND THE MISTAKES OF PREVIOUS AGREEMENTS, AND, IN LENDING BROAD SUPPORT TO THE APPROACH SUGGESTED BY THE UNITED STATES, DEMONSTRATE A WILLINGNESS TO USE THE POSITIVE ASPECTS THROWN BY PREVIOUS AGREEMENTS AND DRAW ON THE VERY USEFUL WORK WHICH HAS ALREADY BEEN COMPLETED IN THE IWC PREPARATORY GROUP, INCLUDING THE PREP GROUP (TECHNICAL).

4. WE ENDORSE THE US VIEW THAT THERE IS AN URGENT NEED FOR CAREFUL DETAILED STUDY OF THE PRACTICABILITY OF DEVISING AND IMPLEMENTING AN EQUITABLE AND EFFECTIVE SCHEME IN INCORPORATING RESERVED STOCKS. WE BELIEVE THAT THIS STUDY SHOULD BE CARRIED OUT BEFORE SUBSTANTIVE NEGOTIATIONS CAN REALISTICALLY BE UNDERTAKEN. EQUALLY, WE FEEL THAT THE POINTS MADE BY THE US REGARDING ADJUSTMENTS TO CONSUMPTION AND PRODUCTION SHOULD BE THE SUBJECT OF DETAILED STUDY. WE SUSPECT THAT THERE COULD BE DIFFICULTIES IN THIS AREA WHICH A CAREFUL LIMITED OFFICIAL USE

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STUDY WOULD REVEAL, FOR EXAMPLE, SPECIAL ARRANGEMENTS MIGHT HAVE TO BE DEVISED FOR FEED WHEAT AND DEPENDING UPON THE NATURE AND EXTENT OF INDUSTRIAL USAGE OF WHEAT IN VARIOUS COUNTRIES AND ON A WORLD BASIS, THERE MAY BE LITTLE POINT IN TRYING TO DEVISE MEASURES TO INFLUENCE OR REGULATE IT. THERE COULD ALSO BE GROUNDS FOR ARGUING THAT IT WOULD BE INAPPROPRIATE TO TRY TO CHANGE THE PATTERN AND VOLUME OF INDUSTRIAL USAGE OF WHEAT. APART FROM THESE ASPECTS WE RECALL THAT WE HAVE IN THE PAST ALSO POINTED TO THE NEED FOR ADEQUATE COMMERCIAL SAFEGUARDS IN ANY SCHEME FOR THE DELIBERATE ACCUMULATION AND RELEASE OF STOCKS FOR FOOD SECURITY AND OTHER PURPOSES.

5. WE BELIEVE THAT US ACCEPTANCE THAT PRICE TRIGGERS COULD HAVE A USEFUL ROLE IN A NEW IWA INCORPORATING RESERVE STOCKS PROVISIONS WILL HELP IN PROGRESSING WORK TOWARDS A NEGOTIATING CONFERENCE. WE BELIEVE THAT MANY QUESTIONS MUST STILL BE ANSWERED BEFORE IT WILL BE POSSIBLE TO GIVE ANY PRECISION TO A MECHANISM INVOLVING PRICE TRIGGERS AND WE WOULD SEE THIS ALSO AS AN AREA FOR FURTHER STUDY. WITHOUT NECESSARILY TRYING TO GIVE AN EXHAUSTIVE LIST, WE THINK THAT MORE CONSIDERATION WILL HAVE TO BE GIVEN TO SUCH ISSUES AS THE REFERENCE WHEAT OR WHEATS, PRICE

BANDS AND THE IMPLICATIONS OF THE EXTREMITIES OF THE PRICE BANDS, AND THE DETERMINATION OF PREVAILING PRICE LEVELS AGAINST WHICH ANY PRICE TRIGGERS WOULD OPERATE. WE ALSO BELIEVE THAT QUESTIONS RELATING TO THE MONITORING AND VERIFICATION OF STOCK LEVELS AND STOCK RELEASES WILL NEED TO BE STUDIED.

6. ON THE QUESTION OF ON-FARM STORAGE THE UNITED STATES IS PRESUMABLY SATISFIED THAT THE DOMESTIC ARRANGEMENTS IT IS PERSUING COULD BE ECOMPASSED WITHIN THEIR OBLIGATIONS UNDER A NEW IWA. PRESUMABLY, THE US RECOGNISED THAT OTHER COUNTRIES MAY NOT NECESSARILY BE ABLE TO ADOPT SIMILAR PROCEDURES. FOR INSTANCE, WE WOULD SEE CONSIDERABLE DIFFICULTIES FOR AUSTRALIA IN SEEKING TO HAVE FARMERS STORE WHEAT BECAUSE THEY WOULD NOT RECEIVE PAYMENT FOR IT UNDER THE PRESENT ARRANGEMENTS UNTIL IT LIMITED OFFICIAL USE

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WAS DELIVERED TO THE AUSTRALIAN WHEAT BOARD. IN ADDITION, PROBLEMS COULD ARISE BY WAY OF INSECT INFESTATION IN ON-FARM STORAGES AND COULD EVEN DICTATE THE LENGTH OF TIME FOR WHICH GRAIN WAS STORED BY ANY COUNTRY INCLUDING THE US. THERE MAY, THEREFORE, BE IMPLICATIONS FOR THE FORMULATION OF OBLIGATIONS IN A NEW IWA TO RETAIN GRAIN IN STORAGE.

7. ANY STOCK SCHEME WOULD ALSO HAVE DIRECT AND PROBABLY POWERFUL IMPLICATIONS FOR DOMESTIC PRODUCTION AND EXPORT POLICIES. THERE IS SOME REFERENCE TO THIS IN THE US STATEMENT AND WE THINK IT WOULD BE APPROPRIATE IF THE IMPLICATIONS WERE ELABORATED - AN AGREEMENT INCORPORATING STOCKS PROVISIONS COULD SUCCEED OR FAIL DEPENDING UPON THE ABILITY OF MEMBER COUNTRIES TO COPE WITH THE IMPLICATIONS WITH RESPECT TO PRODUCTION CONTROLS AND EXPORT RESTRICTIONS.

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8. ANY NEW WHEAT AGREEMENT NEGOTIATED IN THE IWC WOULD NO
DOUBT NOT GO VERY FAR (IF AT ALL) BEYOND THE OBJECTIVE OF
STABILISING WORLD TRADE IN WHEAT AND MAKING APPROPRIATE
TANGIBLE CONTRIBUTIONS IN RESPECT OF FOOD AID AND FOOD SECURITY.
THE US HAS POINTED TO THE NEED FOR TRADE LIBERALISATION AND
NO DOUBT OTHER COUNTRIES ESPECIALLY CANADA AND AUSTRALIA WOULD
SUPPORT THAT VIEW. WE BELIEVE THAT TRADE LIBERALISATION
WILL HAVE TO BE DISCUSSED PRIMARILY IN THE MTN RATHER THAN IN
THE IWC AND THEREFORE WE WOULD CONTINUE TO SEE A NEED FOR THE
WORK OF THE TWO ORGANISATIONS TO BE BROUGHT TOGETHER AT SOME
FUTURE POINT IF BOTH THE OBJECTIVES REFERRED TO ARE TO BE
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ACHIEVED AS SEPARATE ELEMENT OF AN OVERALL PACKAGE.

9. IF THERE IS A GENERALLY FAVOURABLE REACTION IN THE COUNCIL
TO THE US STATEMENT, WE WOULD EXPECT THAT IT WOULD BE
APPROPRIATE FOR THE COUNCIL TO REVIEW THE PROGRAMME AND TIME-
TABLE FOR FURTHER WORK. WE WOULD HOPE THAT THE SECRETARIAT
COULD UNDERTAKE STUDIES ON THE MAIN ASPECTS REFERRED TO ABOVE
AS WARRANTING CLOSER EXAMINATION.

10. FINALLY, YOU SHOULD BE AWARE THAT WE HAVE HAD AN APPROACH
FROM THE FRENCH EMBASSY SEEKING OUR SUPPORT FOR CORSON AS A
FRENCH AND EEC CANDIDATE FOR THE VICE CHAIRMANSHIP OF THE
COUNCIL. THE FRENCH HAD ALSO APPARENTLY APPROACHED USA,
CANADA, ARGENTINA, JAPAN, TUNISIS, SOUTH AFRICA, KOREA,
EGYPT AND POSSIBLY OTHERS. WE SAID THAT IF IMPORTING COUNTRIES
GENERALLY ENDORSED CORSON'S CANDIDATURE AND HIS NAME WAS
SUBMITTED BY THEM, WE FORESAW NO DIFFICULTIES. WE DID MAKE
THE OBSERVATION THAT SINCE FRANCE IS A WHEAT EXPORTING COUNTRY,

IT IS POSSIBLE THAT SOME IMPORTERS MAY BE A LITTLE RELUCTANT TO SUPPORT CORSON. CORSON IS OF COURSE, A SENIOR FRENCH OFFICIAL (FIRST ASSISTANT SECRETARY DEPARTMENT OF AGRICULTURE AND GENERAL MANAGER OF THE NATIONAL INTERPROVINCIAL WHEAT BOARD). HIS BACKGROUND, SINCE 1967 IS WITH THE DEPARTMENT OF AGRICULTURE BUT BEFORE THAT HE WAS WITH THE DEPARTMENT OF ECONOMY AND FINANCE.

END TEXT.

11. WE UNDERSTAND THE ABOVE QUOTED MESSAGE HAS BEEN TRANSMITTED TO THE AUSTRALIAN DELEGATION AT THE IWC MEETING IN LONDON. THE GOA FURNISHED THE EMBASSY A COURTESY COPY, AND THE EMBASSY IS TRANSMITTING IT, ABOVE, FOR THE DEPARTMENT'S INFORMATION.
ALSTON

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
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